

## STATE OF SOUTH CAROLINA

Application of South Carolina Electric & Gas Company  
for Adjustments in the Company's Electric Rate  
Schedules and Tariffs

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

DOCKET

NUMBER: 2004 - 178 - E

(Please type or print)

Submitted by: K. Chad BurgessSC Bar Number: 69456Address: SCANA Corp.Telephone: 803-217-81411426 Main Street MC 130Fax: 803-217-7931Columbia, SC 29201

Other: \_\_\_\_\_

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



May 19, 2008

**VIA ELECTRONIC FILING**

The Honorable Charles Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive (29210)  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: Report on Annualization of Turbine Operation and Maintenance Expenses as  
Required in Commission Order No. 2005-2

Dear Mr. Terreni:

South Carolina Electric & Gas Company ("SCE&G" or "Company") is hereby filing with the Public Service Commission of South Carolina ("Commission") the report required by Commission Order No. 2005-2 related to the annualized turbine operation and maintenance (O&M) expenses account established in that order.

In its Application for Increases in Electric Rates and Charges in Docket 2004-178-E ("Application"), SCE&G proposed to "levelize over an 8 year maintenance cycle the costs associated with major maintenance of the turbines at its fossil fuel generating facilities." Application at p.7. SCE&G requested that it be allowed to record in a regulatory asset or liability account the differences between the amounts accrued for these expenses and the actual amount of turbine operating and maintenance ("O&M") expenses incurred. The goal of annualizing the turbine O&M expenses was "to properly match maintenance expenses with the year by year use of the plants that cause such expense to be incurred." See Order No. 2005-2 at p.25.

In Order 2005-2, the Commission found the annualization of these O&M expenses to be just and reasonable and ordered that the requested account(s) be established. See Order 2005-2 at pp. 29-30. In addition, the Commission "adopted Staff's recommendation that the Company file a report with the Commission concerning the results of this treatment at the end of calendar year 2007." See Order 2005-2 at p.30. The Commission also stated, "[s]hould the Commission find at that time that the actual maintenance expenditures are significantly different than those presented here, the Commission reserves the right to revisit the need for the program." *Id.*

Attached to this letter is the report required by Order 2005-2. The report establishes that actual maintenance expenditures are not significantly different from the annual expenditure levels anticipated in the account(s). Further, these accounts were reviewed by the South Carolina Office of Regulatory Staff. Accordingly, SCE&G submits that no adjustment in the amount of the accrual is necessary.

(Continued . . .)

The Honorable Charles Terreni  
May 19, 2008  
Page 2

---

SCE&G respectfully requests that the Commission review this report and issue an order affirming the current amount of expense amortized.

Very truly yours,



K. Chad Burgess

KCB/kms  
Enclosure

cc: Shannon Bowyer Hudson, Esquire (via hand delivery w/enclosure)

# SCE&G Major Maintenance Accrual

## \$67,711,280 over 8 years

2005 - 2012

### Interest Rate

Annual 8.64%

Monthly 0.72%

Docket No. 2004-178-E  
Order No. 2005-2  
January 6, 2005  
Pages 25 - 30

Docket No. 2004-178-E  
Order No. 2005-2  
January 6, 2005  
Page 11  
Table A : Overall Cost / Rate = 8.64%

	<u>2005 Activity</u>	<u>2006 Activity</u>	<u>Balance @ 12/31/06</u>	<u>2007 Activity</u>	<u>Balance @ 12/31/07</u>
Actual Expenses	(4,897,209.72)	(7,204,331.35)	(12,101,541.07)	(11,609,172.83)	(23,710,713.90)
Accrued Expenses	8,463,909.96	8,463,910.00	16,927,819.96	8,463,910.00	25,391,729.96
Regulatory Liability - Major Maint Accrual	(3,566,700.24)	(1,259,578.65)	(4,826,278.89)	3,145,262.83	(1,681,016.06)
Regulatory Liability - MJM Accrual Interest	(160,326.95)	(541,632.81)	(701,959.76)	(222,851.88)	(924,811.64)
<b>Total Major Maintenance and Interest Accrual</b>	<b>(3,727,027.19)</b>	<b>(1,801,211.46)</b>	<b>(5,528,238.65)</b>	<b>2,922,410.95</b>	<b>(2,605,827.70)</b>